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C O N F I D E N T I A L SECTION 01 OF 03 BAGHDAD 003144

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SUBJECT: ANTI-CORRUPTION UPDATE DECEMBER 4, 2009

REF: BAGHDAD 2785

Classified By: ACCO Anne Bodine, reason 1.4 (b and d)

11. (C) SUMMARY: A major anti-corruption case is breaking over the Baghdad Amana (mayor's office), with early indications that the Commission on Integrity (COI) is planning enforcement actions on a possible theft of over USD 20 million in employee salaries. Iraq's Board of Supreme Audit (BSA) reported positive engagements of Iraq's anti-corruption team at the Doha Conference on State Parties to enforce the UN Convention Against Corruption (UNCAC), while Kurdish colleagues followed up with anti-corruption engagements in Washington. The Kurdistan Region (KRG) Parliament formalized leadership of a new anti-corruption committee, while their Baghdad counterparts in the Council of Representatives (COR) pursued an internal debate over future management structures for the national Commission on Integrity (COI). One member of the COR claimed there was a lack of political will among Iraqi leaders to tackle corruption broadly, but he also asserted that the country had made progress building anti-corruption institutions and turning public opinion against the abuse of public office. More broadly, Iraq's scant progress in advancing up the ranks of Transparency International (TI) corruption perceptions indicators has drawn discomfit from Iraqi officials. End Summary.

Doha Deliverables and TI Ratings

12. (SBU) The head of Iraq's Board of Supreme Audit (BSA), Abdul-Basit al-Turki, told Embassy Anti-Corruption Coordinator on November 22 that the Iraqi delegation to the Conference on State Parties to the UN Convention against Corruption (UNCAC) had engaged key international and regional partners in the Doha meetings November 9-13. He noted that the formal review mechanism for state parties that was agreed in Doha was a significant achievement. (NOTE: Until now, states were only required to perform self-assessments of UNCAC compliance and there was no peer review of the process. End Note.) On the margins of the Doha meeting, Iraq engaged regional states to coordinate on next steps for the review process. Turki said that UNODC had prepared extensive guidelines for the state parties, but nothing was yet available in Arabic.

13. (SBU) Turki said he had also met some representatives of Transparency International in Doha. He said the Iraqis remain disappointed at the poor showing (released November 17) in the Corruption Perceptions Index - where Iraq placed fourth from last, ranking above Somalia, Myanmar, and Afghanistan, and tied with Sudan. He believes that those who are providing the inputs to TI are biased against Iraq's government. TI's rating also drew criticism from Ali al-Alaq, the Secretary General of the Council of Ministers and chair of Iraq's Joint Anti-Corruption Committee. Alaq

told al-Sabah newspaper on November 26 that Iraq was only rated so low because its system has become open enough to permit broad discussion, whereas less democratic regimes successfully . He said that TI does not base its ratings on scientific evidence. (Comment: Alaq is partially right on both counts: TI's methodologies have been criticized by some in the international community, and Iraq's political system is certainly more open than many countries that rate higher. However, Alaq's further claim that "Iraq has largely succeeded in reducing corruption" is overly presumptuous. End Comment.)
QEnd Comment.)

Baghdad Mayor's Office Embezzlement Allegations

¶4. (C) On November 24, Iraqi media reported that Baghdad Amana (equivalent of the mayor's office) was rocked by reports of a major corruption scandal involving the alleged embezzlement of USD 20 million from the municipal budget for staff salaries. The Amana announced on November 29 that the Baghdad Operations Command arrested some of the individuals involved; Radio Dijla reported that some of the arrests took place in the Kurdistan region. MP Abbas al-Bayati told the Kuwait News Agency on November 25 that any miscreants should be handed over to Interpol. (COMMENT: It is not clear why Bayati would think Interpol has jurisdiction. End Comment.) On November 29, Iraqi MP and Integrity Committee member Alia Nseif told Radio Nawa that Baghdad's mayor bore responsibility due to what she called "poor oversight." Officials at the Baghdad COI confirmed to Embassy contractors on November 28 that the COI is processing the case, noting that amounts involved may exceed USD 20 million.

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Anti-Corruption Candor

¶5. (SBU) On November 21, Anti-Corruption Coordination Office (ACCO) program implementer, the University of Utah (UU), held a one-day seminar on the status of Iraq's anti-corruption legislation, moderated by UU professor (and noted Lebanese expert in international law) Chibli Mallat. Sheikh Sabah al-Saidi, head of the parliamentary Council of Representatives (COR) Integrity Committee, COI Deputy Commissioner Judge Izzat Tawfiq al-Ja'far, Ministry of Water Inspector General (IG) Nawar al-Obeidi, Investigative Judge Munther Ibrahim, and Shura Council member Judge Jalil were among the speakers. Embassy Anti-Corruption Office Coordinator discussed the Embassy's anti-corruption activities and the deputy coordinator explained basic elements of the international Extractive Industries Transparency Initiative (EITI) which Iraq aims to join. The seminar featured a lively debate with Iraqi media representatives openly lambasting Sheikh Sabah's Integrity Committee for "ineffective" efforts and complaining that Iraqi officials are largely inaccessible. It also featured a frank debate between investigative judge Ibrahim and IG Nawar al-Zubaydi. Ibrahim complained of excessive delays and poor case management by the IG's, which he said often resulted in case dismissal. Judge Jalil of Iraq's Shura Council also said that Iraq's legislative process on anti-corruption (and other issues) was severely hampered by the absence of legislative drafting skills inside Iraq's ministries. He said that ministries currently sketch conceptual outlines and then present them to the Shura Council to formalize into bills. The Council, he claimed, was not set up to handle this workload.

¶6. (C) ACCO Coordinator met with Iraqi MP Omar Abdul-Sattar Mahmoud (Iraqi Islamic Party) on November 17 to discuss the work of the COR's Integrity Committee, on which Mahmoud serves. Mahmoud said that he felt corruption was as serious a problem for Iraq as terrorism, and noted that they were often two sides of the same coin. He noted that politicians

sometimes use terrorism charges to discredit those who accuse them of corruption. Despite real challenges, Mahmoud noted a positive change in the attitude of Iraqis who have become less tolerant of corrupt behavior from their leaders. Mahmoud provided background on delays in Iraq's anti-corruption legislation (reftel A). While he mentioned that "some powerful elements" in the COR were blocking the legislation entirely, he said there were also internal disputes within the Integrity Committee. As one example, he claimed the draft bill to re-authorize Iraq's Commission of Integrity was being held up by disagreements between factions who favored either a board of directors or retaining the current leadership under one central commissioner.

¶7. (C) Mahmoud mentioned a special committee that had been formed in the COR under the leadership of MP Tayseer al-Mashhadani to investigate questionable defense contracts, including a case with Canadian aircraft supplier CRG. He noted that Mashhadani had allegedly been threatened by the party that had "condoned" that deal, in one instance threatening to accuse her of involvement in terrorism if she proceeded with an inquiry. He remarked that there were many COR members who were totally unqualified for the office: indeed, 83 members of the previous COR had presented forged credentials to qualify as candidates, he claimed, as had 250 Qcredentials to qualify as candidates, he claimed, as had 250 members of Iraq's Provincial Councils. He praised the COI's efforts to uncover these cases and push for accountability, but he said Iraq needed greater political will to "hit back hard" on corruption. He predicted that current COI Commissioner Judge Raheem al-Ugaily would keep his job in a new government and said he believed that national elections would bring in a host of more honest leaders.

Kurdistan Regional Parliament Gains Watchdog Committee

¶8. (SBU) On November 10, the KRG Parliament elected Sabir Qader (Kurdistan List) and Abdulqader Akram Jamil (Turkmen Reform Movement) as chair and deputy chair of the new KRG Anti-Corruption parliamentary committee. The KRG also sent a delegation to the Doha UNCAC Conference, and followed up with a visit to Washington for briefings on applications of the U.S. Foreign Corrupt Practices Act on November 17. Reinforcing KRG actions this month, new KRG Prime Minister Barham Salih asserted to Sumeria TV on November 24 that "reform and uprooting corruption" were at the top of his list of priorities.

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Comment

¶9. (C) Omar Abdul-Sattar Mahmoud's views may reflect Sunni (or IIP) perceptions of continued exclusion from government largesse. Like many interlocutors, he focused accusations mainly on political opponents. While there is some truth to his comments on poorly-qualified COR members, his views would be more credible if accompanied by introspection about his own party or political allies. Notwithstanding possibly self-serving motivations, Mahmoud has valid concerns about the abuse of power by government officials who may turn the tables on accusers with allegations of more severe misdeeds (terrorism). Unfortunately, corruption and terror countercharges are often used as cudgels in intra-Iraqi power struggles; sifting out the truth of such claims is often quite difficult. Omar's praise for Judge Raheem and predictions of Raheem's extension as COI Commissioner are good signs for the anti-corruption agenda, but his call for greater political will among Iraq's leaders recognizes that institutions alone can't plug all the holes on this issue.

¶10. (SBU) Other anti-corruption developments this month -- Iraqi officials engaging with international and regional experts in the anti-corruption arena, the KRG parliament

trying to catch up to Baghdad counterparts with new oversight bodies, and Iraqi anti-corruption professionals and media exchanging heated views without fear -- are encouraging indicators that Iraq's gradual progress up the charts of transparency is not transitory. END COMMENT.
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